

## QUESTIONS

### SOLICITATION NUMBER TIB-2005-R-003

1. **Reference:** Section B.2.1 indicates that Offerors are to "...propose a single hourly rate for their work on any tasks that may be assigned on the Offeror's best estimate of the occupational categories and skill levels to be provided. It should also be based on the Offeror's best estimate of proportionate use of these occupational categories and skill levels." The FAR clause found in Section L.5, 52.216-1, Type of Contract, specifies that "[t]he Government contemplates award of a cost reimbursement contract resulting from this solicitation."

While it is recognized that the in the Federal Acquisition Regulations contract types are grouped into two broad categories: fixed price contracts and cost-reimbursement contracts, it is also recognized that there is a wide selection of contract types available to the Government in order to provide needed flexibility.

**Question:** Based on the pricing to be submitted, is it the FRTIB's intent that the contract be of a time-and-materials or labor-hour type as defined in FAR 16.601 and 16.602, respectively?

**Answer:** Contract is a cost reimbursable type contract. Labor hours will be proposed and negotiated for each task.

2. **Reference:** Section L.1.b.3 states that Offeror's should "[i]nclude travel and related charges that may be incurred during this project."

**Question:** Since services will be provided on an on-going basis, it is difficult to estimate the travel requirements. Please provide further guidance.

**Answer:** Expected travel will include 1) travel to the Agency's Washington, D.C. site, and 2) travel to the BGI's offices in San Francisco, California. There may also be travel to other vendor's sites, depending on the location of bidders on the Agency's investment management contracts. We cannot predict at this time where those may be.

3. **Reference:** Section C.1.3 addresses "lifecycle funds".

#### **Questions:**

- a. What are the specific duties of the contractor with respect to the lifecycle funds?
- b. Is the contractor responsible for creating and maintaining the asset allocation models?
- c. Is the contractor responsible for rebalancing the asset allocation funds?

- d. If not what are the contractor's responsibilities with regards to the lifecycle funds?

**Answers:**

- a. None.
- b. No.
- c. No.
- d. The contractor must be thoroughly aware of the relationship between the lifecycle funds and the component funds (i.e., the G, F, C, S and I Funds), in order to advise on investment policy with regard to the benchmark indexes of the current funds or recommended additions to current funds. The contractor must also be prepared to address the affects, if any, of changes in investment account structure (e.g., use of multiple managers for the same fund, use of separate accounts, and/or unbundling of investment management, securities lending programs, and custodial services) upon the Agency's management of the lifecycle funds or operations related to the lifecycle funds .

- 4. Reference:** Section C.1.4 states that "[t]he G fund is managed in-house by Agency staff."

**Questions:**

- a. What are the duties with respect to the G Fund which is managed internally?
- b. Will we be asked to analyze and/ monitor?

**Answers:**

- a. and b. The contractor must understand the operations of the G Fund in order to properly analyze its role in TSP investment policy, since the G Fund affects the policy relating to the other TSP funds. The contractor will have no role in reviewing the day-to-day management of the G Fund.

- 5. Reference:** None.

**Question:** What is the investment policy for monitoring the funds?

**Answer:** The funds are monitored daily by Board staff, investment performance is reported monthly to the Executive Director, and the Board reviews investment manager performance and investment policy quarterly.

- 6. Reference:** None.

**Question:** Are the index funds reviewed based on any particular risk statistic such as tracking error?

**Answer:** Yes, tracking error. Depending upon the context of the review, we measure tracking error both by its deviation from the benchmark return (for discrete periods) and in terms of standard deviation of differences from the benchmark returns (for multiple periods).

7. **Reference:** Section C.2.3 states that “[t]he contractor shall accept responsibility as a fiduciary pursuant to § 8477 of Title 5 of the United States Code for its acts or omissions in connection with the advice provided to the Plan. The contractor shall comply with all fiduciary responsibilities prescribed by law.”

Based on this Offeror’s understanding of the work to be performed under the resultant contract, the contractor would not be undertaking any fiduciary duties, as defined under ERISA. A central tenet of ERISA fiduciary responsibility is that a fiduciary exercises discretion or control in matters relating to the fund, such as directing investments, selecting managers, etc. Under ERISA, merely making recommendations is not sufficient to deem a contractor a plan fiduciary. Because the RFP does not contemplate the contractor performing that type of role, this Offeror does not believe it would be proper to accept responsibility as a fiduciary.

**Questions:**

- a. What services to be performed by the successful contractor are deemed to constitute fiduciary activities?
- b. Would the FRTIB be willing to agree to acceptance by the contractor of fiduciary responsibility only for specific activities, e.g., selection and appointment of investment managers?
- c. Related to the immediately preceding question, for those specific duties where the contractor has agreed to act as a fiduciary, would the FRTIB agree to limit the contractor’s liability to its own negligent acts, without regard to the liability of entities (i.e, contractor would have no co-fiduciary liability)?
- d. Would the FRTIB be willing to agree to the following language regarding fiduciary responsibility:

The contractor shall be deemed to be a fiduciary only with respect to those activities it performs for FRTIB that are deemed to be fiduciary activities under applicable law. The contractor shall perform the fiduciary activities in accordance with the standard of care applicable to fiduciaries under applicable law. If the contractor is deemed to be a fiduciary with respect to any services, the contractor’s responsibility as a fiduciary shall extend only to those activities deemed to be fiduciary activities under applicable law and shall in no event extend to any acts or omissions of any other person.

- e. Would the FRTIB be willing to agree to limit the contractor's liability to a reasonable dollar amount?

**Answer:** Our general view is that the language supplied would be acceptable, since, in any case, the contractor can only be a fiduciary where their role would make them one, but that we would not want to limit the contractor's dollar liability in any context where they were indeed acting as a fiduciary.

**8. Reference:** None

**Question:** RFP Section M.3.7 indicates that Offerors must have a certified Financial Risk Manager on staff. Regarding this certification, could you confirm the name(s) of the organization(s) (e.g. the Global Association of Risk Professionals) that provide the certification that would meet this minimum qualification.

**Answer:** Upon review of the certification qualifications for a Financial Risk Manager, we have concluded that they are close enough to that of a CFA (Chartered Financial Analyst) that having a CFA on staff (or under subcontract) should suffice. (The Financial Risk Manager Websites allow CFAs to skip most (although not all) of their tests in order to be certified.) We can discuss this further, but would it be possible to say that having a CFA would be adequate to meet the requirement? I am certain that any organization that we would want to use would have a CFA available.